

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 518 Session of
1995

INTRODUCED BY REBER, TIGUE, DEMPSEY, PESCI, TRELLO, SAYLOR,
JAROLIN, E. Z. TAYLOR, LAUGHLIN AND CARONE, FEBRUARY 1, 1995

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 1, 1995

AN ACT

1 Amending the act of December 31, 1965 (P.L.1257, No.511),
2 entitled "An act empowering cities of the second class,
3 cities of the second class A, cities of the third class,
4 boroughs, towns, townships of the first class, townships of
5 the second class, school districts of the second class,
6 school districts of the third class and school districts of
7 the fourth class including independent school districts, to
8 levy, assess, collect or to provide for the levying,
9 assessment and collection of certain taxes subject to maximum
10 limitations for general revenue purposes; authorizing the
11 establishment of bureaus and the appointment and compensation
12 of officers, agencies and employes to assess and collect such
13 taxes; providing for joint collection of certain taxes,
14 prescribing certain definitions and other provisions for
15 taxes levied and assessed upon earned income, providing for
16 annual audits and for collection of delinquent taxes, and
17 permitting and requiring penalties to be imposed and
18 enforced, including penalties for disclosure of confidential
19 information, providing an appeal from the ordinance or
20 resolution levying such taxes to the court of quarter
21 sessions and to the Supreme Court and Superior Court,"
22 further providing for restrictions on taxing powers, for the
23 occupational privilege tax, for limitations on the rates of
24 certain taxes, for the earned income tax and for suits for
25 collection of taxes; and providing for a municipal services
26 tax.

27 The General Assembly of the Commonwealth of Pennsylvania
28 hereby enacts as follows:

29 Section 1. Section 2 of the act of December 31, 1965
30 (P.L.1257, No.511), known as The Local Tax Enabling Act, amended

1 October 11, 1984 (P.L.885, No.172) and July 9, 1987 (P.L.203,
2 No.30), is amended to read:

3 Section 2. Delegation of Taxing Powers and Restrictions
4 Thereon.--The duly constituted authorities of the following
5 political subdivisions, cities of the second class, cities of
6 the second class A, cities of the third class, boroughs, towns,
7 townships of the first class, townships of the second class,
8 school districts of the second class, school districts of the
9 third class, and school districts of the fourth class, in all
10 cases including independent school districts, may, in their
11 discretion, by ordinance or resolution, for general revenue
12 purposes, levy, assess and collect or provide for the levying,
13 assessment and collection of such taxes as they shall determine
14 on persons, transactions, occupations, privileges, subjects and
15 personal property within the limits of such political
16 subdivisions, and upon the transfer of real property, or of any
17 interest in real property, situate within the political
18 subdivision levying and assessing the tax, regardless of where
19 the instruments making the transfers are made, executed or
20 delivered or where the actual settlements on such transfer take
21 place. The taxing authority may provide that the transferee
22 shall remain liable for any unpaid realty transfer taxes imposed
23 by virtue of this act. Each local taxing authority may, by
24 ordinance or resolution, exempt any person whose total income
25 from all sources is less than five thousand dollars (\$5,000) per
26 annum from the per capita or similar head tax, occupation tax
27 and [occupational privilege] municipal services tax, or earned
28 income tax, or any portion thereof, and may adopt regulations
29 for the processing of claims for exemptions. Such local
30 authorities shall not have authority by virtue of this act:

1 (1) To levy, assess and collect or provide for the levying,
2 assessment and collection of any tax on the transfer of real
3 property when the transfer is by will or mortgage or the
4 intestate laws of this Commonwealth or on a transfer by the
5 owner of previously occupied residential premises to a builder
6 of new residential premises when such previously occupied
7 residential premises is taken in trade by such builder as part
8 of the consideration from the purchaser of a new previously
9 unoccupied single family residential premises or on a transfer
10 between corporations operating housing projects pursuant to the
11 housing and redevelopment assistance law and the shareholders
12 thereof, or on a transfer between nonprofit industrial
13 development agencies and industrial corporations purchasing from
14 them, or on transfer to or from nonprofit industrial development
15 agencies, or on a transfer between husband and wife, or on a
16 transfer between persons who were previously husband and wife
17 but who have since been divorced; provided such transfer is made
18 within three months of the date of the granting of the final
19 decree in divorce, or the decree of equitable distribution of
20 marital property, whichever is later, and the property or
21 interest therein, subject to such transfer, was acquired by the
22 husband and wife, or husband or wife, prior to the granting of
23 the final decree in divorce, or on a transfer between parent and
24 child or the spouse of such a child, or between parent and
25 trustee for the benefit of a child or the spouse of such child,
26 or on a transfer between a grandparent and grandchild or the
27 spouse of such grandchild, or on a transfer between brother and
28 sister or brother and brother or sister and sister or the spouse
29 of such brother or sister, or on a transfer to a conservancy
30 which possesses a tax-exempt status pursuant to section

1 501(c)(3) of the Internal Revenue Code, and which has as its
2 primary purpose the preservation of land for historic,
3 recreational, scenic, agricultural or open space opportunities,
4 by and between a principal and straw party for the purpose of
5 placing a mortgage or ground rent upon the premises, or on a
6 correctional deed without consideration, or on a transfer to the
7 United States, the Commonwealth of Pennsylvania, or to any of
8 their instrumentalities, agencies or political subdivisions, by
9 gift, dedication or deed in lieu of condemnation, or deed of
10 confirmation in connection with condemnation proceedings, or
11 reconveyance by the condemning body of the property condemned to
12 the owner of record at the time of condemnation which
13 reconveyance may include property line adjustments provided said
14 reconveyance is made within one year from the date of
15 condemnation, leases, or on a conveyance to a trustee under a
16 recorded trust agreement for the express purpose of holding
17 title in trust as security for a debt contracted at the time of
18 the conveyance under which the trustee is not the lender and
19 requiring the trustee to make reconveyance to the grantor-
20 borrower upon the repayment of the debt, or a transfer within a
21 family from a sole proprietor family member to a family farm
22 corporation, or in any sheriff sale instituted by a mortgagee in
23 which the purchaser of said sheriff sale is the mortgagee who
24 instituted said sale, or on a privilege, transaction, subject,
25 occupation or personal property which is now or does hereafter
26 become subject to a State tax or license fee[;].

27 (2) To levy, assess or collect a tax on the gross receipts
28 from utility service of any person or company whose rates and
29 services are fixed and regulated by the Pennsylvania Public
30 Utility Commission or on any public utility services rendered by

1 any such person or company or on any privilege or transaction
2 involving the rendering of any such public utility service[;].

3 (3) Except on sales of admission to places of amusement or
4 on sales or other transfers of title or possession of property,
5 to levy, assess or collect a tax on the privilege of employing
6 such tangible property as is now or does hereafter become
7 subject to a State tax; and for the purposes of this clause,
8 real property rented for camping purposes shall not be
9 considered a place of amusement.

10 (4) To levy, assess and collect a tax on goods and articles
11 manufactured in such political subdivision or on the by-products
12 of manufacture, or on minerals, timber, natural resources and
13 farm products produced in such political subdivision or on the
14 preparation or processing thereof for use or market, or on any
15 privilege, act or transaction related to the business of
16 manufacturing, the production, preparation or processing of
17 minerals, timber and natural resources, or farm products, by
18 manufacturers, by producers and by farmers with respect to the
19 goods, articles and products of their own manufacture,
20 production or growth, or on any privilege, act or transaction
21 relating to the business of processing by-products of
22 manufacture, or on the transportation, loading, unloading or
23 dumping or storage of such goods, articles, products or by-
24 products; except that local authorities may levy, assess and
25 collect taxes on the occupation, [occupational privilege,] on
26 municipal services, on per capita and earned income or net
27 profits of natural persons engaged in the above activities
28 whether doing business as individual proprietorship or as
29 members of partnerships or other associations[;].

30 [(5) To levy, assess or collect a tax on salaries, wages,

1 commissions, compensation and earned income of nonresidents of
2 the political subdivisions: Provided, That this limitation (5)
3 shall apply only to school districts of the second, third and
4 fourth classes;

5 (6)] (5) To levy, assess or collect a tax on personal
6 property subject to taxation by counties or on personal property
7 owned by persons, associations and corporations specifically
8 exempted by law from taxation under the county personal property
9 tax law: Provided, That this limitation [(6)] (5) shall not
10 apply to cities of the second class[;].

11 [(7)] (6) To levy, assess or collect a tax on membership in
12 or membership dues, fees or assessment of charitable, religious,
13 beneficial or nonprofit organizations including but not limited
14 to sportsmens, recreational, golf and tennis clubs, girl and boy
15 scout troops and councils[;].

16 [(8)] (7) To levy, assess or collect any tax on a mobilehome
17 or house trailer subject to a real property tax unless the same
18 tax is levied, assessed and collected on other real property in
19 the political subdivision.

20 [(9)] (8) To levy, assess or collect any tax on individuals
21 for [the privilege of engaging in an occupation (occupational
22 privilege tax)] providing municipal services except that such a
23 tax may be levied, assessed and collected only by the political
24 subdivision of the taxpayer's place of employment.

25 Payment of any [occupational privilege] municipal services
26 tax to any political subdivision by any person pursuant to an
27 ordinance or resolution passed or adopted under the authority of
28 this act shall be limited to [ten dollars (\$10)] twenty-five
29 dollars (\$25) on each person for each calendar year.

30 The situs of such tax shall be the place of employment, but,

1 in the event a person is engaged in more than one occupation, or
2 an occupation which requires his working in more than one
3 political subdivision during the calendar year, the priority of
4 claim to collect such [occupational privilege] municipal
5 services tax shall be in the following order: first, the
6 political subdivision in which a person maintains his principal
7 office or is principally employed; second, the political
8 subdivision in which the person resides and works, if such a tax
9 is levied by that political subdivision; third, the political
10 subdivision in which a person is employed and which imposes the
11 tax nearest in miles to the person's home. The place of
12 employment shall be determined as of the day the taxpayer first
13 becomes subject to the tax during the calendar year.

14 It is the intent of this provision that no person shall pay
15 more than [ten dollars (\$10)] twenty-five dollars (\$25) in any
16 calendar year as [an occupational privilege] a municipal
17 services tax irrespective of the number of political
18 subdivisions within which such person may be employed within any
19 given calendar year.

20 In case of dispute, a tax receipt of the taxing authority for
21 that calendar year declaring that the taxpayer has made prior
22 payment which constitutes prima facie certification of payment
23 to all other political subdivisions.

24 [(10)] (9) To levy, assess or collect a tax on admissions to
25 motion picture theatres: Provided, That this limitation [(10)]
26 (9) shall not apply to cities of the second class.

27 [(11)] (10) To levy, assess or collect a tax on the
28 construction of or improvement to residential dwellings or upon
29 the application for or issuance of permits for the construction
30 of or improvements to residential dwellings.

1 [(12)] (11) To levy, assess and collect a mercantile or
2 business privilege tax on gross receipts or part thereof which
3 are: (i) discounts allowed to purchasers as cash discounts for
4 prompt payment of their bills; (ii) charges advanced by a seller
5 for freight, delivery or other transportation for the purchaser
6 in accordance with the terms of a contract of sale; (iii)
7 received upon the sale of an article of personal property which
8 was acquired by the seller as a trade-in to the extent that the
9 gross receipts in the sale of the article taken in trade does
10 not exceed the amount of trade-in allowance made in acquiring
11 such article; (iv) refunds, credits or allowances given to a
12 purchaser on account of defects in goods sold or merchandise
13 returned; (v) Pennsylvania sales tax; (vi) based on the value of
14 exchanges or transfers between one seller and another seller who
15 transfers property with the understanding that property of an
16 identical description will be returned at a subsequent date;
17 however, when sellers engaged in similar lines of business
18 exchange property and one of them makes payment to the other in
19 addition to the property exchanged, the additional payment
20 received may be included in the gross receipts of the seller
21 receiving such additional cash payments; (vii) of sellers from
22 sales to other sellers in the same line where the seller
23 transfers the title or possession at the same price for which
24 the seller acquired the merchandise; or (viii) transfers between
25 one department, branch or division of a corporation or other
26 business entity of goods, wares and merchandise to another
27 department, branch or division of the same corporation or
28 business entity and which are recorded on the books to reflect
29 such interdepartmental transactions.

30 [(13)] (12) To levy, assess or collect an amusement or

1 admissions tax on membership, membership dues, fees or
2 assessments, donations, contributions or monetary charges of any
3 character whatsoever paid by the general public, or a limited or
4 selected number thereof, for such persons to enter into any
5 place, indoors or outdoors, to engage in any activities, the
6 predominant purpose or nature of which is exercise, fitness,
7 health maintenance, improvement or rehabilitation, health or
8 nutrition education, or weight control.

9 Section 2. Section 8(3) and (8) of the act, amended October
10 11, 1984 (P.L.885, No.172), are amended to read:

11 Section 8. Limitations on Rates of Specific Taxes.--No taxes
12 levied under the provisions of this act shall be levied by any
13 political subdivision on the following subjects exceeding the
14 rates specified in this section:

15 * * *

16 (3) On wages, salaries, commissions and other earned income
17 of individuals, [one percent.] one and one-half percent when the
18 tax is levied by a school district and three-quarters of one
19 percent when the tax is levied by a municipality. The combined
20 rate of the municipality and school district shall not exceed
21 two and one-quarter percent.

22 * * *

23 (8) [Occupational privilege taxes, ten dollars (\$10).]
24 Municipal services taxes, twenty-five dollars (\$25).

25 * * *

26 Section 3. Section 9 of the act, amended December 12, 1968
27 (P.L.1203, No.377), is amended to read:

28 Section 9. Register for Earned Income and [Occupational
29 Privilege] Municipal Services Taxes.--It shall be the duty of
30 the Department of Community Affairs to have available an

1 official continuing register supplemented annually of all earned
2 income and [occupational privilege] municipal services taxes
3 levied under authority of this act. The register and its
4 supplements, hereinafter referred to as the register, shall list
5 such jurisdictions levying earned income and/or [occupational
6 privilege] municipal services taxes, the rate of the tax as
7 stated in the tax levying ordinance or resolution, and the
8 effective rate on resident and nonresident taxpayers, if
9 different from the stated rate because of a coterminous levy,
10 the name and address of the officer responsible for
11 administering the collection of the tax and from whom
12 information, forms for reporting and copies of rules and
13 regulations are available. With each jurisdiction listed, all
14 jurisdictions making coterminous levies shall also be noted and
15 their tax rates shown.

16 Information for the register shall be furnished by the
17 secretary of each taxing body to the Department of Community
18 Affairs in such manner and on such forms as the Department of
19 Community Affairs may prescribe. The information must be
20 received by the Department of Community Affairs by certified
21 mail not later than May 31 of each year to show new tax
22 enactments, repeals and changes. Failure to comply with this
23 date for filing may result in the omission of the levy from the
24 register for that year. Failure of the Department of Community
25 Affairs to receive information of taxes continued without change
26 may be construed by the department to mean that the information
27 contained in the previous register remains in force.

28 The Department of Community Affairs shall have the register
29 with such annual supplements as may be required by new tax
30 enactments, repeals or changes available upon request not later

1 than July 1 of each year. The effective period for each register
2 shall be from July 1 of the year in which it is issued to June
3 30 of the following year.

4 Employers shall not be required by any local ordinance to
5 withhold from the wages, salaries, commissions or other
6 compensation of their employees any tax imposed under the
7 provisions of this act, which is not listed in the register, or
8 make reports of wages, salaries, commissions or other
9 compensation in connection with taxes not so listed: Provided,
10 That if the register is not available by July 1, the register of
11 the previous year shall continue temporarily in effect for an
12 additional period not to exceed one year. The provisions of this
13 section shall not affect the liability of any taxpayer for taxes
14 lawfully imposed under this act.

15 Ordinances or resolutions imposing earned income or
16 [occupational privilege] municipal services taxes under
17 authority of this act may contain provisions requiring employers
18 doing business within the jurisdiction of the political
19 subdivision imposing the tax to withhold the tax from the
20 compensation of those of their employees who are subject to the
21 tax: Provided, That no employer shall be held liable for failure
22 to withhold earned income taxes or for the payment of such
23 withheld tax money to a political subdivision other than the
24 political subdivision entitled to receive such money if such
25 failure to withhold or such incorrect transmittal of withheld
26 taxes arises from incorrect information as to the employee's
27 place of residence submitted by the employee: And provided
28 further, That employers shall not be required by any local
29 ordinance to withhold from compensation for any one of their
30 employees for the [occupational privilege] municipal services tax

1 more than one time in any fiscal period: And provided further,
2 That the [occupational privilege] municipal services tax shall
3 be applicable to employment in the period beginning January 1,
4 of the current year and ending December 31 of the current year,
5 except that taxes imposed for the first time shall become
6 effective from the date specified in the ordinance or
7 resolution, and the tax shall continue in force on a calendar
8 year basis.

9 Section 4. Division I of section 13 of the act is amended by
10 adding definitions and Subdivision B of Division III,
11 subsections (a) and (b) of Division IV and Division VII of
12 section 13 of the act are amended to read:

13 Section 13. Earned Income Taxes.--On and after the effective
14 date of this act the remaining provisions of this section shall
15 be included in or construed to be a part of each tax levied and
16 assessed upon earned income by any political subdivision levying
17 and assessing such tax pursuant to this act. The definitions
18 contained in this section shall be exclusive for any tax upon
19 earned income and net profits levied and assessed pursuant to
20 this act, and shall not be altered or changed by any political
21 subdivision levying and assessing such tax.

22 I. Definitions

23 * * *

24 "Municipality." A city of the second class, city of the
25 second class A, city of the third class, borough, incorporated
26 town, township of the first class, township of the second class,
27 home rule municipality, optional plan municipality, optional
28 form municipality or similar general purpose unit of government
29 which may hereafter be created by statute, except a city of the
30 first class.

1 * * *

2 "School district." A school district of the second class,
3 third class or fourth class, including any independent school
4 district.

5 * * *

6 III. Declaration and Payment of Tax

7 * * *

8 B. Earned Income.

9 Annual Earned Income Tax Return.

10 At the election of the governing body every taxpayer shall,
11 on or before April 15, of the succeeding year, make and file
12 with the officer on a form prescribed or approved by the officer
13 a final return showing the amount of earned income received
14 during the period beginning January 1, of the current year, and
15 ending December 31, of the current year, the total amount of tax
16 due thereon, the amount of tax paid thereon, the amount of tax
17 thereon that has been withheld pursuant to the provisions
18 relating to the collection at source and the balance of tax due.
19 At the time of filing the final return, the taxpayer shall pay
20 the balance of the tax due or shall make demand for refund or
21 credit in the case of overpayment. On or before December 31 of
22 each year, every taxpayer shall provide each of his employers
23 with the following information on a form provided by the
24 employers: name, current address and name of municipality and
25 school district. Each employer shall require the identical
26 information from each new employe at the time of initial
27 employment.

28 Earned Income Not Subject to Withholding.

29 Every taxpayer who is employed for a salary, wage,
30 commission, or other compensation and who received any earned

1 income not subject to the provisions relating to collection at
2 source, shall as the governing body elects:

3 (1) Make and file with the officer on a form prescribed or
4 approved by the officer, an annual return setting forth the
5 aggregate amount of earned income not subject to withholding
6 from him during the period beginning January 1, and ending
7 December 31, of the current year, and such other information as
8 the officer may require, and pay to the officer the amount of
9 tax shown as due thereon on or before April 15, of the
10 succeeding year, or

11 (2) Make and file with the officer on a form prescribed or
12 approved by the officer, a quarterly return on or before April
13 30, of the current year, July 31, of the current year, October
14 31, of the current year, and January 31, of the succeeding year,
15 setting forth the aggregate amount of earned income not subject
16 to withholding by him during the three-month periods ending
17 March 31, of the current year, June 30, of the current year,
18 September 30, of the current year, and December 31, of the
19 current year, respectively, and subject to the tax, together
20 with such other information as the officer may require. Every
21 taxpayer making such return shall, at the time of filing
22 thereof, pay to the officer the amount of tax shown as due
23 thereon.

24 IV. Collection at Source

25 (a) Every employer having an office, factory, workshop,
26 branch, warehouse, or other place of business within [the taxing
27 jurisdiction imposing a tax on earned income or net profits
28 within the taxing district who employs one or more persons,
29 other than domestic servants, for a salary, wage, commission or
30 other compensation,] this Commonwealth who has not previously

1 registered, shall, within fifteen days after becoming an
2 employer, register with the officer his name and address and
3 such other information as the officer may require.

4 (b) Every employer having an office, factory, workshop,
5 branch, warehouse, or other place of business within [the taxing
6 jurisdiction imposing a tax on earned income or net profits
7 within the taxing district who employs one or more persons,
8 other than domestic servants, for a salary, wage, commission, or
9 other compensation, shall deduct at the time of payment thereof,
10 the tax imposed by ordinance or resolution on the earned income
11 due to his employe or employes, and] this Commonwealth shall, on
12 or before April 30, of the current year, July 31, of the current
13 year, October 31, of the current year, and January 31, of the
14 succeeding year, file a return and pay to the officer the amount
15 of taxes deducted during the preceding three-month periods
16 ending March 31, of the current year, June 30, of the current
17 year, September 30, of the current year, and December 31, of the
18 current year, respectively. Such return unless otherwise agreed
19 upon between the officer and employer shall show the name and
20 social security number of each such employe, the earned income
21 of such employe during such preceding three-month period, the
22 tax deducted therefrom, the political subdivisions imposing the
23 tax upon such employe, the total earned income of all such
24 employes during such preceding three-month period, and the total
25 tax deducted therefrom and paid with the return.

26 Any employer who for two of the preceding four quarterly
27 periods has failed to deduct the proper tax, or any part
28 thereof, or has failed to pay over the proper amount of tax to
29 the taxing authority, may be required by the officer to file his
30 return and pay the tax monthly. In such cases, payments of tax

1 shall be made to the officer on or before the last day of the
2 month succeeding the month for which the tax was withheld.

3 * * *

4 VII. Suit for Collection of Tax

5 (a) The officer may sue in the name of the taxing district
6 for the recovery of taxes due and unpaid under this ordinance.

7 (b) Any suit brought to recover the tax imposed by the
8 ordinance or resolution shall be begun within three years after
9 such tax is due, or within three years after the declaration or
10 return has been filed, whichever date is later: Provided,
11 however, That this limitation shall not prevent the institution
12 of a suit for the collection of any tax due or determined to be
13 due in the following cases:

14 (1) Where no declaration or return was filed by any person
15 although a declaration or return was required to be filed by him
16 under provisions of the ordinance or resolution, [there shall be
17 no limitation.] suit shall be begun within six years.

18 (2) Where an examination of the declaration or return filed
19 by any person, or of other evidence relating to such declaration
20 or return in the possession of the officer, reveals a fraudulent
21 evasion of taxes, [there shall be no limitation.] suit shall be
22 brought within six years.

23 (3) In the case of substantial understatement of tax
24 liability of twenty-five percent or more and no fraud, suit
25 shall be begun within six years.

26 (4) Where any person has deducted taxes under the provisions
27 of the ordinance or resolution, and has failed to pay the
28 amounts so deducted to the officer, or where any person has
29 wilfully failed or omitted to make the deductions required by
30 this section, [there shall be no limitation.] suit shall be

1 brought within six years.

2 (5) This section shall not be construed to limit the
3 governing body from recovering delinquent taxes by any other
4 means provided by this act.

5 (c) The officer may sue for recovery of an erroneous refund
6 provided such suit is begun two years after making such refund,
7 except that the suit may be brought within five years if it
8 appears that any part of the refund was induced by fraud or
9 misrepresentation of material fact.

10 * * *

11 Section 5. Section 19 of the act, amended October 4, 1978
12 (P.L.930, No.177), is amended to read:

13 Section 19. Collection of Delinquent Per Capita, Occupation,
14 [Occupational Privilege] Municipal Services and Earned Income
15 Taxes from Employers, etc.--[The] (a) Duties of Employers.--
16 Subject to the limitations and restrictions in subsection (b) of
17 this section, the tax collector shall demand, receive and
18 collect from all corporations, political subdivisions,
19 associations, companies, firms or individuals, employing persons
20 owing delinquent per capita, or occupation, [occupational
21 privilege] municipal services and earned income taxes, or whose
22 spouse owes delinquent per capita, occupation, [occupational
23 privilege] municipal services and earned income taxes, or having
24 in possession unpaid commissions or earnings belonging to any
25 person or persons owing delinquent per capita, occupation,
26 [occupational privilege] municipal services and earned income
27 taxes, or whose spouse owes delinquent per capita, occupation,
28 [occupational privilege] municipal services and earned income
29 taxes, upon the presentation of a written notice and demand
30 certifying that the information contained therein is true and

1 correct and containing the name of the taxable or the spouse
2 thereof and the amount of tax due. Upon the presentation of such
3 written notice and demand, it shall be the duty of any such
4 corporation, political subdivision, association, company, firm
5 or individual to deduct from the wages, commissions or earnings
6 of such individual employes, then owing or that shall within
7 sixty days thereafter become due, or from any unpaid commissions
8 or earnings of any such taxable in its or his possession, or
9 that shall within sixty days thereafter come into its or his
10 possession, a sum sufficient to pay the respective amount of the
11 delinquent per capita, occupation, [occupational privilege]
12 municipal services and earned income taxes and costs, shown upon
13 the written notice or demand, and to pay the same to the tax
14 collector of the taxing district in which such delinquent tax
15 was levied within sixty days after such notice shall have been
16 given. No more than ten percent of the wages, commissions or
17 earnings of the delinquent taxpayer or spouse thereof may be
18 deducted at any one time for delinquent per capita, occupation,
19 [occupational privilege] municipal services and earned income
20 taxes and costs. Such corporation, political subdivision,
21 association, firm or individual shall be entitled to deduct from
22 the moneys collected from each employe the costs incurred from
23 the extra bookkeeping necessary to record such transactions, not
24 exceeding two percent of the amount of money so collected and
25 paid over to the tax collector. Upon the failure of any such
26 corporation, political subdivision, association, company, firm
27 or individual to deduct the amount of such taxes or to pay the
28 same over to the tax collector, less the cost of bookkeeping
29 involved in such transaction, as herein provided, within the
30 time hereby required, such corporation, political subdivision,

1 association, company, firm or individual shall forfeit and pay
2 the amount of such tax for each such taxable whose taxes are not
3 withheld and paid over, or that are withheld and not paid over
4 together with a penalty of ten percent added thereto, to be
5 recovered by an action of assumpsit in a suit to be instituted
6 by the tax collector, or by the proper authorities of the taxing
7 district, as debts of like amount are now by law recoverable,
8 except that such person shall not have the benefit of any stay
9 of execution or exemption law. The tax collector shall not
10 proceed against a spouse or his employer until he has pursued
11 collection remedies against the delinquent taxpayer and his
12 employer under this section.

13 (b) Effect of Action in Divorce.--Whenever a tax collector
14 institutes proceedings to collect delinquent municipal services
15 and earned income taxes and costs against a spouse or an
16 employer of a spouse and that spouse thereafter files a
17 complaint instituting an action in divorce, then all proceedings
18 of the tax collector against that spouse shall terminate.

19 Section 6. Section 20 of the act is amended to read:

20 Section 20. Collection of Delinquent Per Capita, Occupation,
21 [Occupational Privilege] Municipal Services and Earned Income
22 Taxes from the Commonwealth.--Upon presentation of a written
23 notice and demand under oath or affirmation, to the State
24 Treasurer or any other fiscal officer of the State, or its
25 boards, authorities, agencies or commissions, it shall be the
26 duty of the treasurer or officer to deduct from the wages then
27 owing, or that shall within sixty days thereafter become due to
28 any employe, a sum sufficient to pay the respective amount of
29 the delinquent per capita, occupation, [occupational privilege]
30 municipal services and earned income taxes and costs shown on

1 the written notice. The same shall be paid to the tax collector
2 of the taxing district in which said delinquent tax was levied
3 within sixty days after such notice shall have been given.

4 Section 7. This act shall take effect in 60 days.